
OLR Bill Analysis

HB 5565

AN ACT CONCERNING REVERSE MORTGAGE TRANSACTIONS.

SUMMARY:

This bill prohibits a creditor from requiring an older spouse to be the only borrower in a reverse mortgage transaction. The bill makes an exception if the non-borrowing spouse is below the required minimum age to qualify for a reverse mortgage.

The bill defines “required minimum age” to mean the minimum age set by the federal government for a reverse mortgage transaction guaranteed by the Federal Housing Administration (age 62) or by the private company that develops a reverse mortgage for a private reverse mortgage transaction.

EFFECTIVE DATE: October 1, 2013

BACKGROUND

Reverse Mortgage Transaction

Federal regulations define a reverse mortgage transaction as a nonrecourse consumer credit obligation in which:

1. a mortgage, deed of trust, or equivalent consensual security interest securing one or more advances is created in the consumer’s principal dwelling; and
2. any principal, interest, or shared appreciation or equity is due and payable (other than in the case of default) only after:
 - a. the consumer dies;
 - b. the dwelling is transferred; or
 - c. the consumer ceases to occupy the dwelling as a principal dwelling (12 C.F.R. § 226.33).

COMMITTEE ACTION

Banks Committee

Joint Favorable

Yea 17 Nay 0 (03/14/2013)